GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2532
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GRADING SYSTEM FOR IPOs
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Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) is planning to adopt a grading system for the Initial Public Offerings (IPOs).

(b) if so, whether any appraisal body has been set up for this purpose;

(c) if so, the details thereof; and

(d) the time by which this system would be put into operation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): A grading system for IPOs, on an optional basis, has been introduced by Securities and Exchange Board of India (SEBI).

(b): No Sir. The grading would be done by credit rating agencies registered with SEBI under the SEBI (Credit Rating Agencies) Regulation, 1999.

(c) and (d): SEBI (Disclosure and Investor Protection) Guidelines were modified on April 24, 2006 to provide for disclosure of IPO grades, where the issuer company has opted for IPO grading.